

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 59th LEGISLATURE - REGULAR SESSION

COMMITTEE ON APPROPRIATIONS

Call to Order: By **CHAIRMAN ROSALIE (ROSIE) BUZZAS**, on February 8, 2005 at 3:30 P.M., in Room 102 Capitol.

ROLL CALL

Members Present:

Rep. Rosalie (Rosie) Buzzas, Chairman (D)
Rep. John E. Witt, Vice Chairman (R)
Rep. Tim Callahan (D)
Rep. Eve Franklin (D)
Rep. Ray Hawk (R)
Rep. Cynthia Hiner (D)
Rep. Verdell Jackson (R)
Rep. Joey Jayne (D)
Rep. Christine Kaufmann (D)
Rep. Ralph L. Lenhart (D)
Rep. Walter McNutt (R)
Rep. Penny Morgan (R)
Rep. John L. Musgrove (D)
Rep. Rick Ripley (R)
Rep. Jon C. Sesso (D)
Rep. Janna Taylor (R)
Rep. Jack Wells (R)

Members Excused: Rep. Carol C. Juneau, Vice Chairman (D)
Rep. Bill E. Glaser (R)
Rep. John Sinrud (R)

Members Absent: None.

Staff Present: Marcy McLean, Committee Secretary
Jon Moe, Legislative Branch

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing & Date Posted: HB 236, 2/4/2005; HB 531, 2/4/2005;
HB 519, 2/4/2005; HB 327, 2/4/2005;
HB 512, 2/4/2005

HEARING ON HB 236**Opening Statement by Sponsor:**

REP. VERDELL JACKSON, HD 6, Kalispell, opened the hearing on **HB 236**, a bill to make the Clark Fork river basin task force permanent. The Department of Natural Resources (DNRC) put together a plan over a four-year period and this Task Force has asked that they be able to continue to meet and work on this plan. Their priority is to monitor 3.5 million acre feet of water in the Hungry Horse Dam. They want to work with the federal government to secure this water for Montana.

{Tape: 1; Side: A; Approx. Time Counter: 0 - 4.4; Comments: Rep. Glaser entered hearing}

The Task Force is requesting \$25,000/year for their operating expenses. The fiscal note says those funds would come from the General Fund, but they actually would come from the Resource Indemnity Trust (RIT) funds. This request for money went through the DNRC as a decision package.

Proponents' Testimony: None

Opponents' Testimony: None

Informational Testimony: None

Questions from Committee Members and Responses:

REP. RIPLEY asked how the fiscal note will be corrected to reflect the funds coming from RIT. **REP. JACKSON** said that the request for funds was in the DNRC decision package, and it was contingent upon passage of HB 236. **Jon Moe, Legislative Fiscal Division**, said that it would be necessary to revise the fiscal note to reflect the correct source of funding.

REP. SESSO reminded the Committee that **REP. JUNEAU** had asked that the bill be amended to include the tribal governments. **REP. JACKSON** said that change is acceptable to him.

REP. SESSO asked if the Task Force has been effective in protecting the water rights of people in the lower Clark Fork River, with respect to the dams. **REP. JACKSON** said the Task Force did address all of the issues involving Avista, but did not make a recommendation on Avista's recommendation that the Clark Fork Basin be closed to do irrigation rights, and ground water.

The final water report to DNRC did not contain these two Avista recommendations. This was a long-range report for the state water plan, and DNRC only selects out of it what they want.

REP. MCNUTT asked for clarification on the request to extend the Task Force for two years, and where that is shown in the bill.

REP. JACKSON said the appropriation is for two years; if they need another two years beyond that, then it will come back again as a bill.

CHAIRMAN BUZZAS said the title of the bill says "An act making permanent." Therefore, if the appropriation is made, it would go into the base. She asked **REP. JACKSON** if that was his understanding of the bill. **REP. JACKSON** said he was not sure and they would need to look at it in Executive Action.

{Tape: 1; Side: A; Approx. Time Counter: 4.4 - 14.8}

HEARING ON HB 531

Opening Statement by Sponsor:

REP. EVE FRANKLIN, HD 24, Great Falls, opened the hearing on **HB 531**, a bill to fund a grant to the McLaughlin Research Institute expansion. The "bad news" is that this is a straight appropriation, but it is too important of an issue to not bring before the Committee.

[EXHIBIT \(aph31a01\)](#)

McLaughlin Research Institute started over 30 years ago and grew from a "Mom and Pop" research operation into a multi-million dollar research institute. McLaughlin is on par with any research institute in the world. Many Great Falls and Hi-Line legislators have signed this bill because and they recognize the importance of the multi-million dollar grants that are brought into the state by McLaughlin.

Proponents' Testimony:

George Carlson, Director, McLaughlin Research Institute (MRI), said they are an independent, non-profit, basic bio-medical research institute with a primary goal of improving human health through genetic research. Their model for these studies, is laboratory mice. Their scientists conduct research associated with Alzheimer's disease, hearing loss, deafness, blindness, peripheral neuropathy and prion diseases. They also provide educational research for Montana, with summer programs offered to

high school teachers to conduct research with the scientists and then take that information back to their classroom.

Their \$1.5 million request would require a match of \$1.5 million from the MRI Board of Directors. This money would be used to expand, renovate and equip the current facility. This expansion would allow them to recruit additional scientists, who then will hire additional staff into the programs. He said that this is necessary to keep them competitive nationally when applying for research grants. After expansion is completed, the MRI Board and the National Development Council have committed to raising an additional \$2 million for the start-up research costs and equipment needs of two new scientists.

In 1990, the State of Montana appropriated a \$2 million grant, which was matched by a \$5 million federal appropriation, to build the current facility. At that time, MRI had one scientist, 10 staff members and an annual budget of approximately \$250,000. Today, they have five scientists, 44 employees and an annual budget of approximately \$5.3 million. All full-time positions pay significantly more than minimum wage and include health and retirement benefits. Since 1990, MRI has brought in over \$35 million in federal and other out-of-state funding. The jobs and the grants have provided good economic development for Montana.
{Tape: 1; Side: A; Approx. Time Counter: 14.8 - 24.3}

Sara Anderson, Carroll College student, said she is a college biology major and spent last summer at MRI, working with one of the scientists. She said it was a great experience, and is one of the few places where college students can do independent research. She plans to attend medical school and thinks the research work at MRI will be helpful to her as a medical student. She plans to be at MRI again this summer, working on her thesis; if MRI were not available, she would have to go out-of-state.

Casie Schedel, Carroll College student, said she has been a summer research student at MRI for the past two years, and will be going back again this summer to work on her honors thesis. The experience at MRI cannot be replaced by college classroom and labs. Bringing more scientists into MRI would expand the student research opportunities. She said she plans to apply to medical school and the research experience at MRI will probably help her to get into a better medical school. She said that in her work as a lab aide at Carroll College, she encourages all students who are interested in research to apply to study at MRI.

Erik Sletten, Sletten Construction, said that since 1991 they have worked on three construction projects at MRI. These projects have kept 40-50 Sletten employees working in Montana,

along with the 60-70 subcontractor employees. MRI helped them to make the decision to donate \$800,000 to a cancer center in Great Falls. They saw it as an opportunity to team up with MRI in providing quality health care.

Mike Waldenberg, Central Plumbing and Heating, said he employees 75 people and they worked on the original construction of MRI in 1991. The economic impact from these construction projects is very important to Great Falls.

{Tape: 1; Side: A; Approx. Time Counter: 24.3 - 32.6; Comments: End of Side A}

Martin Becker, Sletten Construction, said their company operates throughout the southwest region of the United States, doing a lot of work with medical facilities. He said that they recognize the positives that MRI does for Great Falls and the State of Montana. Their national reputation is unsurpassed.

Glenn Bliss, General Distributing Company, explained that his company is in the distribution business of industrial gasses, equipment supplies, medical gasses and equipment, and specialty gasses to research facilities and educational institutions. They have serviced MRI since 1967, when they were a department of the Columbus Hospital. Their business with MRI has grown from \$500 annually in 1967 to over \$24,000 in 2004. MRI is a Montana-based business that brings money in from outside the state and reallocates that money back into our communities. MRI has a highly-trained staff of scientists, who in addition to conducting research, also train other individuals who go on to receive higher education degrees. MRI is a tremendous employer in Great Falls. Glenn Bliss said the Great Falls Chamber of Commerce also supports HB 531.

{Tape: 1; Side: B; Approx. Time Counter: 0 - 3.2}

Leslie Oakland, Board of Directors, McLaughlin Research Institute, said that she speaks on behalf of the 26 Board members from throughout Montana. Expanding the facility is critical for MRI to continue to do their research and be able to compete. Montana will benefit from the research and from the summer educational opportunities. The Board has raised significant money to fund to fund the MRI, but it is very hard to raise money for "bricks and mortar." That is why they are asking the State of Montana for help through HB 531. They have committed to match the \$1.5 million requested from the state, and they have committed to raise an additional \$2.0 million to bring in 2 new scientists. These two new scientists will be supported by 20 new employees.

Nancy O'Brien, Board Member, McLaughlin Research Institute, said she serves on the MRI Board because she recognizes the economic development it brings to Montana.

REP. JOHN WITT explained that in 1968 his sister worked for Dr. Eichwald at Columbus Hospital. He said he has watched the research efforts grow over the years at MRI. They research they do is important and it is critical and the State of Montana continue to invest in them.

Chuck Schedel, Great Falls, said he is the father of student, Casie Schedel, who has studied at MRI. He said that Dr. Herb Wiseman, a world-renowned research scientist, is a product of MRI. He said he hoped students, such as Casie and Sara Anderson, will be the Herb Wisemans of the future.

Dave Crum, McLaughlin Research Institute, reiterated that the two new scientists would be supported by 20 new employees. Those 20 jobs range from high school graduates up to Ph.D. scientists. MRI has been able to bring Montana college graduates back to Montana to work.

{Tape: 1; Side: B; Approx. Time Counter: 3.2 - 11.8}

Opponents' Testimony: None

Informational Testimony: None

Questions from Committee Members and Responses:

CHAIRMAN BUZZAS asked about MRI's collaboration with the University System. **George Carlson** said that "Yes," they work with Montana universities in their grants. Annually, scientists from MRI, University of Montana, Montana State University, and St. Patrick's Hospital have a retreat to discuss their collaboration opportunities. Also, he said that they share their equipment with the Montana universities.

REP. TAYLOR asked, in reviewing MRI's annual report, if the \$3.0 million for expansion come from their \$8.0 million of unrestricted funds. **Leslie Oakland** answered that "No," they would raise new funds to support the expansion.

{Tape: 1; Side: B; Approx. Time Counter: 11.8 - 15.3}

Closing by Sponsor:

REP. FRANKLIN said that the MRI has received substantial support from the Great Falls community over the years. The research at MRI is not focused on immediate marketability. It is basic research, and their grants come from the National Science

Foundation and other sources that are funding development of new knowledge. They are developing profound new knowledge, but it may not be immediately attractive to private industry but it doesn't have short-term marketability. Therefore, it is important that the state support this long-range basic research projects. MRI recognizes the importance of raising private funds and have been successful in doing so.

HEARING ON HB 519

Opening Statement by Sponsor:

REP. MIKE JOPEK, HD 4, Whitefish, opened the hearing on **HB 519**, a bill to fund monitoring of surface water quality for the town of Whitefish.

[EXHIBIT \(aph31a02\)](#)

He started by stating that he is open to friendly amendments that determine where the appropriation comes from and what state agency receives it. Whitefish, which is located at the lower end of Whitefish Lake, has experienced a tremendous amount of growth over the past five years, resulting in over \$211 million in property value increases. They derive their drinking water from surface water from the lake and creeks. The tremendous amount of new property growth at the lake, which results in increased drinking water from the lake, makes it prudent that monitoring of the water is necessary. A similar monitoring is occurring on Flathead Lake, with the Flathead Basin Commission working with the Department of Natural Resources and Conservation (DNRC).

Proponents' Testimony: None

Opponents' Testimony: None

Questions from Committee Members and Responses:

REP. WELLS said there are several projects like this coming through the Long-Range Planning Subcommittee and asked why **REP. JOPEK** didn't take that approach rather than requesting a direct appropriation. **REP. JOPEK** said that he is a rookie and thought that this was the appropriate venue.

REP. MUSGROVE said the DNRC and the Department of Environmental Quality have several programs to help train communities to do their own monitoring, and asked if those have been pursued.

REP. JOPEK said that there are volunteer programs currently being done in the Whitefish area, but they won't be able to sustain these programs due to lack of funding.

CHAIRMAN BUZZAS asked if they have talked to the DNRC about putting this project into their list of priorities. **REP. JOPEK** said the DNRC is already strapped for funding with the Flathead Lake water project. The funding from HB 519 would allow them to partner with the existing Flathead Basin Commission.

Closing by Sponsor:

REP. JOPEK said that he thinks when municipalities use surface water for their drinking water, and they have explosive growth, then there is a needed assurance that water quality is maintained.

HEARING ON HB 327

Opening Statement by Sponsor:

REP. GEORGE GROESBECK, HD 74, Butte, opened the hearing on **HB 327**, a bill to provide increased silicosis benefits. He said that this bill is "near and dear to the people of Butte."
EXHIBIT(aph31a03)

The purpose of this bill is to increase the benefits to the victims of silicosis by \$50/month. There are 44 silicosis beneficiaries remaining, and 31 of them are over 80 years of age. The general fund appropriation request is for \$27,000 in 2006 and in 2007. This appropriation request will continue to decrease as "people exit the fund."

{Tape: 1; Side: B; Approx. Time Counter: 15.3 - 32.6; Comments: End of Tape 1}

Proponents' Testimony: None

Opponents' Testimony: None

Questions from Committee Members and Responses:

REP. KAUFMANN asked if it is necessary to keep bringing this bill back each session. **REP. GROESBECK** said that it is necessary that the fund be renewed and this bill also deals with the requested increase. **Keith Messmer, Department of Labor**, said it comes before the Legislature every time there is a request for increased benefits. HB 327 would raise the monthly benefit from \$250 to \$300, and would update the statutory language.

REP. SESSO asked about the eligibility requirements, as shown on page two of the bill, that indicate the beneficiaries need to be residents of Montana. **Keith Messmer** said residency in Montana is

an initial qualification to become eligible for benefits. Once they are eligible, they can relocate to another state.

REP. KAUFMANN asked that since most of the beneficiaries are over the age of 80 years, and these benefits are directed at people who cannot obtain gainful employment, are their silicosis benefits on top of their normal retirement benefits. **Keith Messmer** said there are no income eligibility requirements, other than for the original beneficiaries, and there are only seven of those remaining. The surviving spouse of a beneficiary who died prior to March 14, 1974, has a \$6,800 limit on earned income per year. He said he assumes they are also receiving Social Security and other retirement benefits.

REP. WELLS pointed out that the \$6,800 earned income limit had been crossed out on the bill. **Keith Messmer** said the purpose in striking the \$6,800 income limit is because there are only four of those widows remaining, and it seemed like an inequity that they should be subjected to a limit that the other spouses were not.

REP. WELLS said the sponsor had said, "This is a \$50 per month increase;" but on the bill it appears it is a \$150 per month increase for the spouses. **REP. GROESBECK** said, "Yes, it does." It actually increases benefits to the silicosis survivors \$50/month and \$150/month for the few widows, increasing it to \$300/month.

REP. KAUFMANN asked what the impacts are from the disease; are there added financial costs for treatment, does it affect quality of life. **REP. GROSEBECK** said these people suffered from breathing in the silica dust while working in the mines. **REP. SESSO** explained that the effect on their quality of life and impact on their daily lives is that they have to use oxygen. The silicosis benefits can go towards helping to offset the costs of the oxygen.

REP. TAYLOR asked, "If the widows remarry, are they still eligible for benefits?" **KEITH MESSMER** said, "No."

Closing by Sponsor:

REP. GROESBECK said this bill came out of the Health and Human Services Subcommittee with a unanimous vote, and went through second reading in the House with a vote of 93-7. He told the Committee he would appreciate their support.

{Tape: 2; Side: A; Approx. Time Counter: 0 - 11.4; Comments: Rep. Glaser entered hearing}

HEARING ON HB 512**Opening Statement by Sponsor:**

REP. JOHN WITT, HD 28, Cascade, opened the hearing on **HB 512**, a bill to appropriate federal funds for local rail freight assistance programs.

EXHIBIT (aph31a04)

This bill came about as a result of the findings of the study commission on rail service. Burlington Northern Santa Fe (BNSF) is a monopoly in our state and has a huge impact on what takes place across Montana. This bill is the state's first attempt at trying to have some say in what happens with rail service. As an example, the rail lines from Scobey and from Circle to the main line have been abandoned, having a negative impact on their communities. The resulting added freight expense to the commodities producers has been phenomenal. BNSF has identified 10 additional rails they are considering abandoning. One community in Choteau County pays approximately \$15 million-\$30 million per year in freight for grain commodities. Essentially, every third year's crops go towards paying for freight. He said that this bill is an attempt for the state to help these communities who have lost their short-line rail service, by re-opening the line.

The bill takes \$1.1 million of federal funds, that were spent in 1984 when the Port of Montana borrowed through the State Local Rail Freight Program to establish the Port, and gives it to the Department of Transportation (DOT). The original source of this money was the Federal Local Rail Freight Assistance Program, which has since been terminated. The Port of Montana agreed to pay the State of Montana \$1,092,526 twenty years after the year the project was completed. That repayment will occur on January 3, 2006.

Proponents' Testimony:

Richard Owen, Montana Grain Growers, Great Falls Chamber of Commerce, and Great Falls Economic Development Authority told the committee that he, too, served on the interim study committee created by the 2003 Legislature. One of the things that came out of that study, is that we need resources for rehabilitating abandoned rail lines. They strongly support the movement of money from federal funds to the Department of Transportation, so that money is available to make needed changes to rail transportation in the state.

Opponents' Testimony: None

Questions from Committee Members and Responses:

REP. WELLS asked, in regard to freight costs for grain transportation, if there has been a comparison made between rail and trucking. He also asked if the short-line rails shut down, what would be the increased cost to the producer. **REP. WITT** said the freight costs he quoted were for rail freight. As rail lines are abandoned, trucks are having to travel an additional 60-200 miles to reach the rail head, thus increasing the grain producers costs. Unfortunately, they are still receiving the same price for their grain at the rail head. The goal is to keep the rail lines working, even if it needs to be run by short-line companies. These lines have not been maintained and are now deteriorating. He said that in many cases the increased shipping costs to producers is \$.30/bushel. BNSF is delivering product from North Dakota, going through Montana to the west coast, cheaper than product from Montana. Montana is a captive state and subsidizing states where BNSF has competition.

REP. SESSO asked who would be the recipient of the grant/loan money. **REP. WITT** said a short-line railroad, or the State of Montana, could use this money to do repairs to the deteriorated line. We would then ask BNSF or a short-line railroad to re-open the line.

CHAIRMAN BUZZAS asked if BNSF is the recipient of the grant/loan money, then will they retain ownership of the short-line rail.

REP. WITT said that BNSF has no obligation on those lines, however, the DOT would possibly negotiate real trackage rights to access those areas and provide the rail service.

CHAIRMAN BUZZAS followed-up by asking if there was a provision in the grant process that states we must first reach the point whereby the railroad says they are not going to repair the line and are going to close it. She said that otherwise, it's a nice benefit for BNSF to get the grant money to do their own repairs; wouldn't they need to first declare that they are going to close the line. **REP. WITT** said that for several reason, including safety, BNSF may determine that the line is unprofitable, yet may be profitable to a short-line rail company. The decision for awarding grants or loans is in the hands of the DOT.

CHAIRMAN BUZZAS asked if the \$1.1 million in federal funds was a one-time source, and also asked if there would be future costs to the state for running this program. **REP. WITT** answered, "Yes." SENATOR JERRY BLACK has a similar bill that would establish a revolving loan fund from the loans made from the original \$1.1 million. In regard to future costs, he said it was difficult to anticipate what they might be, but thought the DOT's amendment to

HB 512 was to cover their administrative costs. He also said that he hoped the state would assume more responsibility for running these short-line rails.

***{Tape: 2; Side: A; Approx. Time Counter: 11.4 - 32.6; Comments:
End of Side A}***

Closing by Sponsor:

REP. WITT said the loss of the short-line rails has had a huge impact on Montana and we need to do something about it.

ADJOURNMENT

Adjournment: 5:10 P.M.

REP. ROSALIE (ROSIE) BUZZAS, Chairman

MARCY MCLEAN, Secretary

RB/mm

Additional Exhibits:

EXHIBIT ([aph31aad0.PDF](#))